



**Minutes from the Meeting of  
THE PLANS MANAGEMENT BOARD  
July 18, 2016**

A Meeting of the Plans Management Board was held on July 18, 2016 at 9:00 AM  
In the Conference Room of the Office of the State Treasurer  
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

All Council & Board Members Represented or in Attendance:

Mr. José Echeverri, Chair, Plans Management Board  
The Honorable Ken Simpler, State Treasurer  
The Honorable Karen Stewart, Insurance Commissioner  
Ms. Valerie Watson, (on behalf of Secretary Thomas J. Cook, Department of Finance)  
Mr. Robert Scoglietti (on behalf of Director Brian Maxwell, Office of Management & Budget) (Telephonically)  
Mr. Ralph Cetrulo, Member (Telephonically)  
Mr. Charles Campbell-King, Member  
Mr. Stephen Saville, Member  
Mr. Don Shandler, Member

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General, Department of Justice  
Ms. Julie "Jo" Donohue, Deputy Attorney General, Department of Justice  
Ms. Jennifer Vaughn, Controller, Department of Insurance  
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer  
Mr. John Meyer, Office of the State Treasurer  
Mr. Dan Kimmel, Office of the State Treasurer  
Mr. Omar Masood, Office of the State Treasurer  
Ms. Martha Sturtevant, Office of the State Treasurer  
Mr. Justin Rozzero, Fidelity  
Ms. Renee Hill, Fidelity  
Mr. Peter Walsh, Fidelity

**CALLED TO ORDER**

Mr. Simpler called the meeting to order at 9:04 AM. Mr. Simpler read aloud the legislation consolidating the Deferred Compensation Council and the Delaware College Investment Plan Board. Introductions were made around the table.

**APPROVAL OF THE MINUTES**

The Board discussed minor edits to the minutes. The Board discussed the timeline for draft, distribution and final approval of the minutes.

Mr. Campbell-King inquired about the Memorandum of Understanding (MOU) between the Auditor of Accounts Office (AOA) and OST for the payment for audit expenses related to the Deferred Compensation Plans. Ms. Gonzalez stated the MOU exists and OST requested additional clarifications from AOA regarding what uses are authorized for the proceeds from the MOU.

A MOTION was made by Ms. Watson and seconded by Mr. Campbell-King to approve the minutes with noted corrections from April 5, 2016 and April 20, 2016 with revisions requested by the Deferred Compensation Council  
**MOTION ADOPTED UNANIMOUSLY**

*Mr. Campbell-King abstained from approving minutes from April 20, 2016 due to his absence.*

A MOTION was made by Mr. Echeverri and seconded by Mr. Saville to approve the minutes with noted corrections from April 5, 2016 and April 20, 2016 with revisions requested by the Delaware College Investment Plan Board  
**MOTION ADOPTED UNANIMOUSLY**

A MOTION was made by Ms. Watson and seconded by Mr. Campbell-King to approve the minutes with noted corrections from April 5, 2016 and April 20, 2016 with revisions requested by the Plans Management Board.  
**MOTION ADOPTED UNANIMOUSLY**

#### **DISCUSSION OF BOARD CONSOLIDATION HOUSE BILL 358**

Mr. Simpler read aloud a proposed letter of appreciation addressed to the prime sponsors of HB 358 in recognition of their support. The document was circulated to the Board for signatures.

Mr. Simpler reviewed the staggered terms of each members. Mr. Simpler acknowledged the 403(b) eligible vacancy, noting that he had spoken with the Governor's Office. Additionally, Mr. Simpler acknowledged Karen Field Rogers, who has replaced Mr. Scholl who had stepped down due to a conflict. He added that Ms. Rogers would serve as an appointee on behalf of the Secretary of Education.

Mr. Simpler and Ms. Gonzalez provided an overview of the new consolidated Plans Management Board. Ms. Gonzalez reviewed a proposed calendar that included timelines for audits, reporting, training, and fiscal administration. Mr. Simpler asked the Board to express any preference for scheduling. The Board consensus was to continue meeting late morning.

#### **DEFERRED COMPENSATION COMMITTEE REPORT**

Ms. Gonzalez provided an update on the Deferred Compensation Plans consolidation. She reviewed the technology component of the conversion, compliance and governance, and the branding initiative aimed at increasing awareness and participation across all Plans. There was a discussion regarding communications to participants impacted by the conversion and the best ways to reach them. Mr. Meyer announced that Voya was planning to hold learning sessions for participants in all three counties, as well as lunch-and-learn sessions that were requested by State organizations at the July HR Roundtable.

Mr. Campbell-King requested advanced notice of any communications to participants. He asked if Voya had prepared a dashboard to track the status of the conversion. Ms. Watson acknowledged that she was working with Voya for an executive summary on the status of the outstanding critical path items to be distributed to the Committee.

Mr. Simpler acknowledged that the Board has the authority to create its own subcommittees. He asked for a motion to formalize each committee, a second motion to appoint the members of each committee, and a third motion to appoint the Chair of each committee.

A MOTION was made by Ms. Watson and seconded by Mr. Campbell-King to form the Deferred Compensation Committee.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Ms. Watson and seconded by Mr. Campbell-King to accept the seven members presented for the Deferred Compensation Committee.

MOTION ADOPTED UNANIMOUSLY

Ms. Johnson indicated that she would draft a formal Resolution memorializing the creation of the Deferred Compensation sub-committee.

A MOTION was made by Mr. Simpler and seconded by Ms. Watson to formally appoint Mr. Campbell-King the Chair of the Deferred Compensation Committee.

MOTION ADOPTED UNANIMOUSLY

### **COLLEGE INVESTMENT PLAN COMMITTEE REPORT**

Mr. Meyer acknowledged key future initiatives planned for the College Investment Committee. He reviewed the upcoming Plan Administrator RFP, the branding initiative, and a need for a full strategic review, including governance, bylaws, budget, marketing strategy and Investment Policy Statement.

A MOTION was made by Ms. Watson and seconded by Mr. Campbell-King to form the College Investment Committee.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Ms. Watson and seconded by Mr. Simpler to accept the six members presented for the College Investment Committee.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Mr. Echeverri and seconded by Mr. Simpler to appoint Mr. Saville as the Chair of the College Investment Committee.

MOTION ADOPTED UNANIMOUSLY

### **ABLE UPDATE**

Mr. Masood reviewed the updates on nationwide ABLE programs. Mr. Masood reported that Ohio, Nebraska, Tennessee, and Florida have launched ABLE programs. He added that Florida and Tennessee have recorded opening 100 accounts in the first 12 days of the launch, and that there did not appear to be an early enrollment advantage. Mr. Masood acknowledged several more states have committed to the consortium.

Mr. Saville asked if data was available on the total projected ABLE program investment over the first five-year period by states launching their own program. Mr. Masood stated that investment data by state has not been shared

publically, but that he anticipated some attrition and consolidation of state launched programs in the first five years.

Mr. Simpler reviewed the purpose of the Task Force. Mr. Simpler reviewed the backgrounds of each of the eight proposed ABLE Task Force members. He stated that the Task Force would review implementation options for Delaware and would meet four times before the October quarterly Board meeting.

The Board discussed funding for the ABLE program. Mr. Masood noted that a minimum of \$2 million would be required to launch a Delaware program. Mr. Simpler stated that in two sessions of the General Assembly, no additional funding has been appropriated for staffing or implementation of a new program. There was a discussion about eligibility and the lack of Federal eligibility requirements.

The Board discussed additions or alternatives to the proposed Task Force. Ms. Watson suggested the Secretary of Health and Social Services (“DHSS”). Ms. Stewart suggested a member of the Health Care Commission as another consideration. Mr. Campbell-King suggested the Task Force continue to communicate with DHSS throughout the process. Mr. Simpler suggested a Motion to form and to allow for expansion of the Task Force as needed.

A MOTION was made by Ms. Watson and seconded by Mr. Simpler to form the ABLE Taskforce providing OST the discretion to add additional members to the Task Force as needed.

**MOTION ADOPTED UNANIMOUSLY**

A MOTION was made by Mr. Campbell-King and seconded by Ms. Watson to accept the members presented for the ABLE Taskforce.

**MOTION ADOPTED UNANIMOUSLY**

A MOTION was made by Mr. Campbell-King and seconded by Ms. Watson to appoint Mr. Simpler as the Chair of the ABLE Taskforce.

**MOTION ADOPTED UNANIMOUSLY**

## **DAG UPDATE**

Ms. Johnson stated that she had recently attended a National Association of Public Pension Attorneys (NAPPA) conference. She stated that she would provide a memorandum on updated fiduciary rules. Ms. Johnson suggested providing fiduciary training sessions for the Board and Committees.

## **FIDELITY REVIEW OF COLLEGE INVESTMENT PLAN PERFORMANCE**

Mr. Walsh provided the Board an overview of the goals and objectives of Fidelity’s portfolio management for the State’s 529 College Investment Plan. He reviewed the asset allocation used by Fidelity to develop diversification. Mr. Walsh elaborated on Fidelity’s portfolio options and provided clarification on Fidelity’s active allocation strategy.

Mr. Simpler asked Mr. Walsh how many state Plans were managed by Fidelity. Mr. Walsh stated that Fidelity manages 529 Plans for New Hampshire, Massachusetts, Arizona and Delaware.

Mr. Walsh presented the Investment Performance Review prepared by Fidelity. He reviewed Q1 and the beginning of Q2. He acknowledged the volatility of the Q1, and the recovery of Q2, and noted that Fidelity was performing above the benchmark.

Mr. Echeverri asked Mr. Walsh about performance over the next year and proposed allocation moves. Mr. Walsh indicated the Plan was focused on equities at the expense of fixed income. Mr. Walsh indicated that the Federal Reserve may raise rates in September or October, despite the pending election, but added that he was confident the portfolio was well positioned.

Mr. Walsh reviewed changes to the Fidelity and multi-firm portfolios. He stated that the money market investments were moved into government money markets. Mr. Walsh added that portfolio changes could be made without notification to the Board.

Mr. Echeverri asked how the multi-managers were selected. Mr. Walsh explained that Strategic Advisors are a portfolio research team to gather data. Mr. Walsh said Fidelity manages the glide path and allocation and Strategic Advisors recommends the fund.

Mr. Simpler asked how many state clients have a 529 consultant. Mr. Walsh indicated that one state has secured a consultant and another was in the process of an RFP to consider adding a consultant. The Board discussed why some plans hire a consultant and what benefits they might provide.

Mr. Simpler asked Mr. Walsh how other state plans layout their executive summary and what other data points were available. Mr. Walsh reviewed the executive summary.

Mr. Rozzero reviewed the Business Results presentation. He stated that DE was up 10% in participation in new 529 accounts for the year. He added that contributions are down, but participation is stabilizing after spikes in May and June. He noted that the third quarter would swing again as tuition season approaches.

Mr. Rozzero reviewed the portfolios net flows. He acknowledged the need to build new accounts that will offset the accounts that are now college age and withdrawing.

The Board discussed advertising. Mr. Simpler asked about the role of financial advisors in plan participation. Ms. Hill stated that Fidelity is working with Advisors to increase college savings plan participation. Mr. Echeverri added that the new Board is working to re-brand and to bring marketing and awareness initiatives back. Ms. Hill suggested the digital marketing team be invited to present to the Board.

Mr. Rozzero reviewed marketing and public relations initiatives, including digital outreach and interactive gifting campaigns. Ms. Hill added that the minimum gifting was \$25.

## **NEW BUSINESS**

The Board discussed receiving the minutes prior to the quarterly minutes with Ms. Johnson.

## **PUBLIC COMMENTS**

There were no comments from members of the public.

## **ADJOURNMENT**

A MOTION was made by Mr. Echeverri and seconded by Mr. Simpler to adjourn the meeting of the Plans Management Board at 12:04 PM.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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Jose Echeverri,  
Chair, Plans Management Board